

# Welcome to Statistics of Income

**Friendly People**

**Challenging Work**

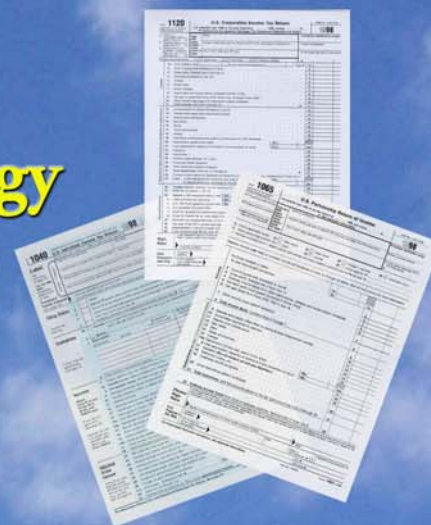
**Cutting-Edge Technology**

**Hands-On Training**


**Secure Jobs**

**Excellent Benefits**

**Flexible Hours**



# The IRS Mission



Provide America's taxpayers top quality service  
by helping them understand and meet  
their tax responsibilities and by applying the tax law  
with integrity and fairness to all.

Internal Revenue Service  
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Washington, D.C. 20224

Your interviewers' business cards

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# Printed Publications



- ◆ SOI Bulletin, Quarterly
- ◆ Statistics of Income, Corporation Income Tax Returns, Annually
- ◆ Statistics of Income, Individual Income Tax Returns, Annually
- ◆ Corporation Source Book, Annually
- ◆ Studies of Tax-Exempt Organizations, 1974-1987, 1986-1992
- ◆ Studies of International Income and Taxes, 1984-1988
- ◆ Compendium of Federal Estate Tax and Personal Wealth Studies
- ◆ Special Studies in Federal Tax Statistics, Annually

# Electronic Media

## Individual Taxation Studies

- ◆ State Data
- ◆ SOI Individual Complete Report Tables
- ◆ Individual Public-Use Microdata Files, 1992-1999
- ◆ County-to-County Migration Data, 1984-2002
- ◆ State-to-State Migration Data, 1989-2002
- ◆ County Income Data, 1989-2001
- ◆ ZIP Code Area Data, 1997 & 1998

## Business Taxation Studies

Corporation Source Book

## Private Foundations (and Charitable Trusts)

Microdata Records for Reporting Years, 1993-2000

## Tax-Exempt Organizations

Microdata Records for Reporting Years, 1993-2000

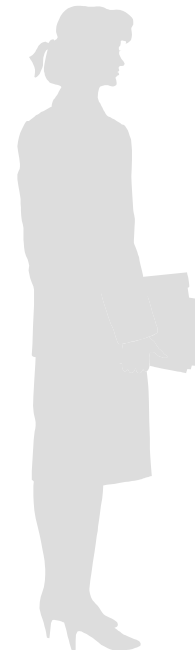
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# Statistics of Income

## SOI Origins

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**Based on the Revenue Act of 1916, SOI's mission is to collect and process data into meaningful information and disseminate it to customers**

Congress enacted the modern U.S. income tax law in 1913 with the passage of the sixteenth amendment to the Constitution. Three years later, the Revenue Act of 1916 required the annual publication of statistics, establishing a continuing role for the Statistics of Income (SOI) function of the Internal Revenue Service.

Today, SOI's mission is to collect and process data into meaningful information and disseminate it to customers. Toward that end, it conducts tax studies on the operations of the tax laws with respect to individuals, corporations, partnerships, sole proprietorships, estates, nonprofit organizations, and trusts, as well as inbound and outbound international activities.

SOI's annual budget is currently about \$35 million [1]. While this amount represents a small portion of total IRS resources, SOI is among the leading Federal statistical organizations located in Washington, DC, with most of its statistical processing taking place in IRS submission processing centers throughout the country.

## Data Users

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- Office of Tax Analysis
- Joint Committee on Taxation
- Bureau of Economic Analysis
- Census Bureau
- Federal Reserve Board
- General Accounting Office
- Social Security Administration
- Centers for Medicare and Medicaid Services
- Department of Agriculture

SOI's primary customer is the Office of Tax Analysis (OTA) in the Office of the Secretary of the Treasury. Another primary customer is OTA's legislative counterpart, the Congressional Joint Committee on Taxation (JCT). Both agencies use SOI's microdata files as their primary source of information for tax policy analysis and tax revenue projections.

SOI also supplies the Department of Commerce's Bureau of Economic Analysis (BEA) with data on individuals, corporations, partnerships, and sole proprietorships. The Census Bureau is another significant data user, as are the Federal Reserve Board, the General Accounting Office, the Social Security Administration, the Centers for Medicare and Medicaid Services, and the Department of Agriculture.

Outside the Federal Government, SOI data users include a broad array of tax practitioners, policy researchers, demographers, economic analysts, consultants, business associations, State and local governments, universities, public libraries, and the media.

## Data Access

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**Federal Law protects tax returns from unauthorized access, including public release**

Federal statute and Treasury regulations protect tax return information from unauthorized access, including public release. Explicit procedures govern the treatment of such information in documents and computer systems, whether for restricted or general access. Although SOI's primary customers (OTA and JCT) are authorized to receive confidential microdata files, most users have access to only summary tabulations that SOI has processed to preclude identification of the taxpayers represented.



# Products and Services

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SOI makes data available through printed publications and electronic media. It publishes the *Statistics of Income Bulletin* quarterly, with each issue containing four to eight articles and data releases of recently completed studies, as well as historical tables covering a variety of subject matter, from Treasury Department tax collections to taxpayer assistance and tax return projections [2]. SOI also produces annual “complete reports” on individual and corporation income tax returns [3, 4]. The *Corporation Source Book* is another annual SOI publication, presenting detailed income statement, balance sheet, and tax data by industry and asset size [5]. SOI also produces special compendiums of research and analysis covering nonprofit organizations, estate taxation and personal wealth, international business activities, and methodological changes in SOI programs [6,7,8,9].

SOI further provides data through the IRS World Wide Web site, with 150,000 files downloaded monthly from the *Tax\_Stats* portion of this site [10]. *Tax\_Stats* is also the conduit for other IRS information, including the *Internal Revenue Service Data Book* (containing tax collections and other tax administration data), tax return projections, and microdata records of exempt organizations [11, 12].

Other electronic media products available from SOI include magnetic tapes, CD-ROM’s, diskettes, and files sent via e-mail. These products include the Individual Public-Use Microdata File; Exempt Organizations and Private Foundations Microdata Files; the *Corporation Source Book*; individual income tax return data shown by State, county, or ZIP code; and individual migration data classified by State or county. SOI’s Statistical Information Services office assists in disseminating these data [13].

# Statistical Operations

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*IRS regional sites, called “submission processing centers,” process U.S. tax returns into a computerized “master file” system, which is the informational backbone of the agency. Most SOI operations begin by sampling returns from this master file system.*

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## Sample Design and Selection

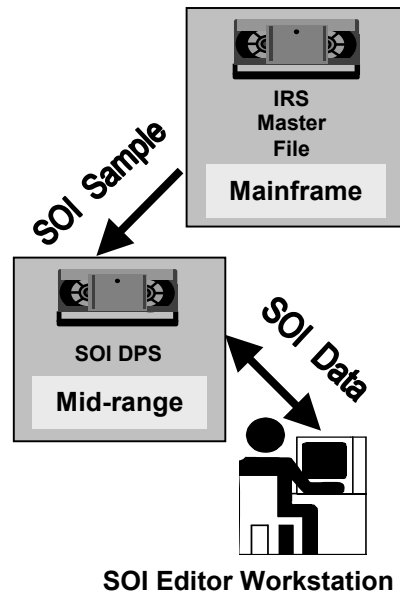
### **SOI studies use stratified probability samples**

Statistics compiled for the SOI studies are generally based on stratified Bernoulli samples of tax or information returns. As returns are processed into the master file system, they are assigned to sampling classes (strata), based on size of income or assets (or other measures of economic size), industrial activity, accounting period, or the presence of certain supplemental forms and schedules.

The probability of a return being designated for the SOI sample depends on the sampling rate prescribed for its sample class (stratum) and may range from a fraction of 1 percent to 100 percent.

The samples are selected from each stratum over the appropriate filing periods. Thus, sample selection can continue for a given study for several calendar years – 3 for corporations, for example, because of the prevalence of fiscal (non-calendar) year reporting

## Data Capture Techniques



After sampling, SOI augments data items taken electronically from the master file system, with additional items key-entered from hard copies of taxpayer returns.

By connecting to a dedicated network of SOI mid-range servers in IRS submission processing centers, SOI personnel can complete data capture operations in a single pass.

Several extensive quality review processes are used to ensure the quality of the data. The review processes begin at the sample selection stage with weekly monitoring of the sample to ensure that the proper number of returns are being selected. They continue through the data collection, data cleaning, and data completion procedures with consistency testing.

Editors in submission processing centers and SOI economists statistically edit data items in order to make each sampled return internally consistent. Missing data problems arise, albeit infrequently (under 1 percent of the time). Missing items can be obtained through direct contact with taxpayers, or estimated through imputations based on other return data, prior-year data for the same taxpayer, or same-year data from a “statistically similar” return.

## Weighting and Estimation

**Each year, IRS processes 225 million returns and SOI samples 1/2 million**

SOI uses weights to adjust for the various sampling rates used – the lower the rate, the larger the weight. These weights are adjusted for outliers and missing returns.

For some studies, it is possible to improve the estimates by employing post-strata, based on supplemental criteria or refinements of those used in the original stratification.

SOI economists multiply the data on each return by the return’s sampling weight. The weighted data are then summed to produce estimated totals.

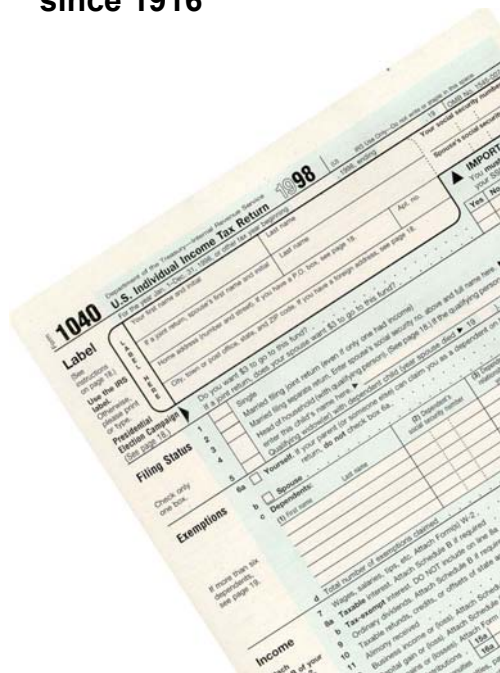


# SOI Programs

*For more than 85 years, SOI has focused on individual and corporation income tax information. However, current studies now include many other areas.*

## Individual Taxation Studies

**SOI has been publishing annual reports on individual tax returns since 1916**



Treasury's Office of Tax Analysis (OTA) largely determines the content of this program for their tax policy research and tax revenue estimation. Included are data on income (salaries and wages, interest, and capital gains), exemptions, deductions, taxable income, income tax, tax credits, and tax payments. The data are classified by tax status, size of adjusted gross income, marital status, and type of tax computation.

Published annually since 1916, SOI Individual Studies use probability samples and classify tax data into strata defined by:

- size of total gross positive or negative income, using 60 variables;
- nontaxable returns with large amounts of income;
- large amounts of combined business and farm receipts;
- presence of special tax forms or schedules; and
- usefulness of the returns to model tax policy, using 32 variables.

Studies include:

**Sole Proprietorship Study** presents data from Schedule C for nonfarm proprietors.

**Sales of Capital Assets Study** includes data on capital gains and losses drawn from individual tax return schedules.



**Family Cross-Section and Panel Files** match data from dependent and parent returns to create family tax units and panels studied over 10-year periods. Also includes a high-income cohort panel. These files are used by OTA and JCT for economic modeling.

**Taxpayer Usage Study** samples up to 20,000 tax returns and focuses on such features as use of paid preparers and the reporting of certain forms, schedules, and newer tax items. Data are released weekly during the filing season from the Tax\_Stats internet site [10].

**High-Income Tax Returns Study** focuses on taxpayers with incomes of \$200,000 or more and shows why high-income returns become nontaxable.

**Occupation Study** highlights tax data classified according to profession.

**Individual Income Tax Rates and Tax Shares Data** show both average and marginal tax rates by percentiles under alternative income concepts.

**Migration and Geographic Data from the Master File** feature State, county, and ZIP code data based on year-to-year changes in tax return addresses.

**Americans Living Abroad Study** presents both individual foreign-earned incomes and foreign tax credits.

**Public-Use File** gives detailed information from individual statistics, but with all identifiers removed in order to release data to the public.

**Individual and Information Returns Masterfile** reports develop data abstracts on such items as: medical savings accounts, qualified adoption expenses, and health insurance credits. Data abstracts on the residents of New York are provided from the SOI file.

## Business Taxation Studies

Corporations, partnerships, and sole proprietorships conduct most business activity in the United States. Annual SOI studies highlight each of these areas.

**SOI tax data on corporations are the only public source of financial information on all corporations**

**Corporations:** SOI classifies corporate data by industry, accounting period, and size of assets, receipts, and income taxes after credits [14].

This includes data on S Corporations, which have 75 or fewer shareholders, all of which are either individuals, estates, or trusts, and whose incomes are generally subject to tax only at the shareholder level.

SOI's detailed *Source Book* lists nearly 100 data items for 12 asset-size classes, for nearly 200 industrial classifications, with separate statistics for S Corporations and returns showing net income.

In addition to use by OTA and JCT for tax policy analysis, SOI corporate data help BEA to estimate corporate profits for the National Income and Product Accounts.

**Partnerships:** SOI publishes information on partnerships from annual information returns, and analyzes data by industry and type of partnership. This includes data for limited liability companies, which are hybrid business entities that combine limited liability for all owners with pass-through tax treatment of partnerships. In addition, information on real estate rental income is also presented.

**Sole Proprietorships:** SOI draws information on nonfarm sole proprietorships from Schedule C of the individual income tax return and computes "adjusted gross income."

It also classifies data by industry, business receipts, deductions, and net income. The tax return is the only annual source of financial information covering these businesses.

## International Studies

SOI conducts international studies in two broadly-defined areas: (1) foreign investment and activity abroad by U.S. corporations or other “persons” and (2) investment and activity in the United States by foreign “persons” [15]. Studies include the following:

**Foreign Tax Credit is the largest credit claimed against income taxes by corporations**

**Controlled Foreign Corporations** provides data on the largest 7,500 foreign corporations controlled by U.S. parent corporations with \$500 million or more in assets. It presents data on assets, liabilities, income, deductions, earnings and profits, foreign taxes, and transactions of Controlled Foreign Corporations with related parties.

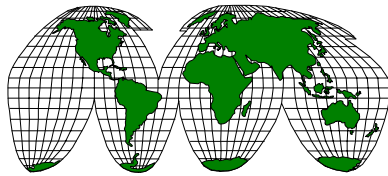
**Corporation Foreign Tax Credits** analyzes data on foreign income, certain foreign taxes paid, and foreign tax credit reported on corporation income tax returns classified by industry and country. The study treats such topics as passive income, financial services income, and shipping income.

**Americans Living Abroad** traces foreign income, taxes paid, and foreign tax credit shown on individual income tax returns. It classifies data by size of adjusted gross income, country, and occupation.

**Foreign Sales Corporations** presents data on corporations in a qualifying foreign country or U.S. possession (except Puerto Rico) that are usually controlled by a U.S. parent corporation. It presents balance sheet, income statement, and export-related data classified by major product or service, size of assets of the principal shareholder, size of foreign trading gross receipts, country of incorporation, and intercompany pricing method.

**Interest-Charge Domestic International Sales Corporations** focuses on small domestic corporations formed to export U.S. products. It presents balance sheet, income statement, and export-related data classified by major product or service, size of assets of the majority corporate shareholder, size of export gross receipts, and intercompany pricing method.

Form 1118 Foreign Tax Credit—Corporations. This form is used to claim a foreign tax credit for taxes paid on foreign income. It includes sections for identifying the taxpayer, the foreign country, and the type of income. The form also includes a table for reporting foreign income and taxes paid, and a section for claiming the credit.



**U.S. Possessions Corporations** follows the credit against U.S. income tax allowed to U.S. corporations that locate in U.S. possessions. It provides data on balance sheets, income statements, taxes, and credits.

**International Boycotts** provides data on the business receipts of U.S. persons (mostly corporations) that have operations in boycotting countries. It classifies data by type of boycott request, boycotting country, and method of computing the loss of tax benefits.

**Foreign Trusts** provides data on foreign trusts that have U.S. persons as grantors, transferors, or beneficiaries. Data include the country where the trust originated and the value of the transfer to the trust.

**Entity Classification Elections** maintains an ongoing data base of domestic and foreign entities that elect treatment either as a corporation or partnership or disregarded as separate from its owner. It includes both entities with outbound and inbound activities.

**Foreign Controlled Domestic Corporations** covers domestic corporations in which a single foreign “person” (usually a corporation) owns 50 percent or more of the voting stock. The study includes balance sheets, income statements, and tax-related items classified by country of residence of the foreign owner, industry, size, and age of the corporation.

**Foreign-Owned Corporations** focuses on domestic corporations with total receipts of \$500 million or more and with at least 25-percent ownership by a single foreign “person.” It classifies data on transactions between these corporations and their foreign related persons.

**Foreign Corporations with U.S. Business Operations** deals with foreign corporations engaged in business activity through branches in the United States subject to U.S. tax as if they were domestic corporations. It classifies income statement and tax items by country and industry.

**Minimum Effectively Connected Net Investment Income (MECNII)** collects investment income and asset data from about 5,000 domestic life and property/casualty insurance companies. It determines a percentage to apply in taxing foreign insurance companies operating in the United States.

**Foreign Recipients of U.S. Income** deals with U.S. source income of nonresident alien individuals and other foreign recipients. It classifies income and tax withholding data by recipient's country of residence, type of income, type of recipient, and income-size classes.

**U.S. Partnership Income of Foreign Partners** collects U.S. partnership data on taxable net income deemed allocable to foreign partners. It classifies payment information and tax items by country and recipient type.

**Sales of U.S. Real Property Interests by Foreign Persons** measures tax withheld from amounts paid to foreign sellers of U.S. real property and classifies data by country of the foreign person.



## Tax-Exempt Organizations and Government Obligations Studies

SOI conducts studies on information returns filed by charities and other tax-exempt organizations. Special data users, like the Independent Sector, a nonprofit coalition of corporations and foundations, find these data useful in preparing nonprofit initiatives.

**Tax-exempt organizations like the American Red Cross receive funds from Government grants and public contributions to operate nonprofit charitable programs while private foundations like the Ford Foundation receive funds from individuals, families, or corporations to support charitable activities directly.**

**Charities and Other Tax-Exempt Organizations** covers tax-exempt nonprofit charitable organizations, such as hospitals, educational institutions, youth organizations, community fundraising campaigns, public charities, historical societies, and environmental preservation groups. It also includes tax-exempt organizations that cannot receive tax-deductible contributions, such as civic leagues; labor, agricultural, and horticultural organizations; chambers of commerce; real estate boards; social and recreational clubs; fraternal beneficiary societies; and voluntary employees' beneficiary associations.

**Private Foundations (and Charitable Trusts)** covers tax-exempt nonprofit corporations, associations, and trusts with narrow sources of funding that support social, educational, scientific, charitable, and religious programs. It also includes "nonexempt" charitable trusts that are not publicly supported and for which donors are allowed to claim tax deductions for charitable contributions.

**Split Interest Trusts** are hybrid forms of trusts, having both charitable and noncharitable beneficiaries. There are three types of split interest trusts: charitable lead trusts, charitable remainder trusts, and pooled income funds.

**Exempt Organizations' Unrelated Business Income** focuses on the supplementary income that an exempt organization receives for business not substantially related to its tax-exempt status. It measures tax levied on this unrelated business income.

**Tax-Exempt Bond Issues**, a study on "public purpose" and "private activity" bonds, analyzes the types of property financed and the face amounts of bonds classified by State. It includes all returns filed with the IRS.

## Estate, Gift, and Personal Wealth Studies

**Tax data on asset transfers are the only public source of financial information on decedents, their estates, and beneficiaries**

**The Federal Estate Tax**, a study of assets transferred to beneficiaries, includes data on size of estate, composition of assets, deductions, and taxes, as well as age, sex, and marital status of the decedent. It includes statistics on both filing-year and year-of-death bases.

**Nonresident Alien Estates** measures tax imposed on nonresident alien estates in the United States that exceed \$60,000. It classifies data by type of U.S. property, size of U.S. estates, and country of domicile.

**The Federal Gift Tax** return is filed for transfers, or gifts, of property completed during a donor's life. The gift tax applies to such transfers above the \$11,000 annual exclusion. The study examines patterns of giving and the use of annual exclusion and unified credits, as well as patterns in the use of marital and charitable deductions.

**The Personal Wealth Study** provides data from estate tax returns on living top wealthholders. The study uses the "estate multiplier" technique and weights decedent returns to assess the wealth of beneficiaries.

# Computer Systems

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*SOI personnel utilize a wide range of data processing systems located at various sites throughout the country. The IRS mainframes, SOI mid-range servers and desktop PCs and terminals that comprise these systems run a variety of operating systems: MVS, UNIX/LINUX, and Windows NT/XP. Numerous programming languages and commercial off-the-shelf software packages are used to collect, analyze, perfect, and package SOI's products. Access to these systems is provided by the infrastructures of the SOI Local Area Network (LAN) and the SOI Distributed Processing System (DPS).*

## Local Area Network

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Each SOI staff member has a desktop PC with high resolution display capability. Many have scanners, tape backup drives, label printers, personal laser jet printers, and CD-ROM/DVD burners and drives.

The baseline user workstation is a Pentium IV with a minimum of 256 MB of memory and a 20 GB hard drive. All PCs run either Windows NT or Windows XP and are configured with the following software packages:

**All SOI personnel have Internet and Intranet access for day-to-day work**

- Adobe Acrobat
- Word
- Excel
- Project
- Access
- Powerpoint
- Internet Explorer
- Pagemaker
- Visio
- Outlook
- Oracle J Developer
- Oracle Runtime
- Reflections

Internet/Intranet and IRS wide area network (WAN) access is provided by the Treasury Communications System (TCS).

SOI provides Pentium laptop computers for use at off-site locations and SOI employees are able to access all LAN applications and resources through a secure dial-in system.

## Distributed Processing System

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SOI personnel use a Distributed Processing System (SOI-DPS); a nationwide multi-tier system, that utilizes fiber circuits and the TCP/IP protocol running over TCS.

Using TCS, mid-range servers/computers in SOI's Washington, DC offices connect SOI employees to IRS mainframes located in Martinsburg, West Virginia and Detroit, Michigan. In addition, SOI mid-range servers/hosts are located in Ogden, UT and Covington, KY. SOI-DPS mid-range systems include:

- IBM Regata
- Fujitsu PrimePower
- Siemens RM600
- IBM NUMAQ
- SUN multi-user systems, configured as adjunct systems to the IBM, Fujitsu, and Siemens servers.



Variants of the UNIX operating system, currently used on all SOI-DPS mid-range servers, host the following software:

- ORACLE Relational Database Management System
- INFORMIX Relational Database Management System
- C
- C++
- COBOL
- FORTRAN
- SAS
- Splus
- SUDAAN
- Syncsort







# Career Positions

SOI has about 190 employees located in Washington, DC [16]. SOI studies require the skills of economists, IT specialists, and mathematical statisticians.

## Economists

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*Economists are on staffs of approximately 6 to 15 people each, within the three “subject-matter” Branches of SOI: Individuals, Corporations, and Special Studies. Their responsibilities include the following:*



**Plan a variety of studies** that use tax and information returns as primary data sources. They must continually review economic, statistical, and tax literature to maintain their proficiency as technical experts. They work with customers, other SOI staff, and IRS field personnel to establish sample designs, processing schedules, manual and computer processing systems, and personnel requirements..

**Meet customers** from other IRS offices, as well as from OTA, JCT, BEA, and other Federal agencies, to determine study objectives, review tax law changes, and determine data treatment in studies. They also write status reports for customers.

### Conduct studies by:

- writing or reviewing complex specification documents in conjunction with computer specialists and mathematical statisticians.
- performing error resolution of complex data anomalies to ensure acceptable levels of data quality.
- developing automated quality review (QR) systems to determine sample selection criteria and items to be checked.
- examining data using statistical software packages and writing articles covering study results for the *Statistics of Income Bulletin* and other SOI publications.

**Train field personnel** at submission processing centers for one or two weeks each year. Editors in IRS submission processing centers perform most of the data capture, and economists perfect their procedures.

**Maintain professional credentials** by writing and presenting papers on SOI statistical programs at professional conferences, such as the Tax Economists Forum, the Washington Statistical Society, the American Economic Association, and the American Statistical Association. They also give in-house presentations covering their studies at periodic “project review meetings.”

**Respond to public inquiries** by working in the Statistical Information Services (SIS) office. Some SOI economists handle thousands of requests for SOI and IRS statistical data.



# Information Technology Specialists

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*IT specialists perform as:*

- *applications specialists for software development*
- *technical support specialists for hardware and software*

## Applications Specialists

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Applications specialists work in the operations sections of all three subject-matter Branches of SOI and perform systems analysis and design, program writing and coding, and applications testing, monitoring, and maintenance. They also design and develop data entry systems that use relational data bases and interactive data entry programs and produce tabulations using SAS or other statistical programming languages. They write programs to create statistical microdata files for delivery to OTA, JCT, and other SOI customers. In addition, they respond to special requests by producing tabulations and files as needed.

## Technical Support Specialists

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Technical support specialists work on either the Technical or Distributed Processing Teams and are responsible for procuring, installing, and maintaining computer hardware, operating systems software, data communications systems, and commercial off-the-shelf software. They also manage the LAN and various components of the WAN and provide expertise on systems administration, data base administration, data communications, local area networks, and software languages. They research new technologies for SOI's computing environment and train SOI staff members. In addition, they oversee SOI's computer resources in IRS field locations.

# Mathematical Statisticians

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*Mathematical statisticians compose two SOI sections: the Mathematical Statistics Section and the Statistical Support Section. In addition to managing SOI sampling operations, making estimates, or providing statistical guidance, they prepare technical papers for professional meetings, especially the annual meetings of the American Statistical Association.*

## Mathematical Statistics Section

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This section designs samples for all SOI studies, as well as coordinates and monitors the sample selection operations to ensure data integrity. It also develops estimation techniques, including outlier detection and correction, adjustment for missing returns, calculation of post-stratification weights, and evaluation of sampling errors, and documents the methods used to produce, and the limitations of, the published data. It writes technical specifications for sample selection, editing, imputation, and estimation procedures. It also represents the SOI Division on special internal and external committees covering statistical issues. Mathematical statisticians also provide statistical support to economists on data quality and statistical analyses, as well as conduct empirical studies on sampling and non-sampling errors.

## Statistical Support Section

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This section assists with systems design and analysis, and serves as resident consultants on sample design and weighting, statistical analysis, estimation, programming specifications, quality measures, customer satisfaction surveys, and cognitive research. Their projects currently include the following:

**Survey Feedback Action / Employee Satisfaction Project** transforms raw data into numeric indices that gauge IRS-wide attributes.

**TeleFile Project** covers an alternative method of filing Federal Forms 1040EZ and 941 via touch-tone telephone and includes a pilot Federal-State tax filing program.

**Lockbox Quality Improvements** involves an effort to improve and refine remittance processing at Lockbox bank sites by designing a proactive review system, which provides reliable accuracy rates and mitigates the potential for negative taxpayer impact.

**Centralized Quality Review Site (CQRS)** is a centralized site in Philadelphia responsible for reviewing the quality of customer service work products and services in all of the IRS call sites and processing centers. Additional Quality Review programs measure the quality of written and on-line correspondence and various tax accounts activity in the processing centers. SOI provides quarterly, bi-annual, or annual sample sizes for the different programs and statistical consultation as needed.

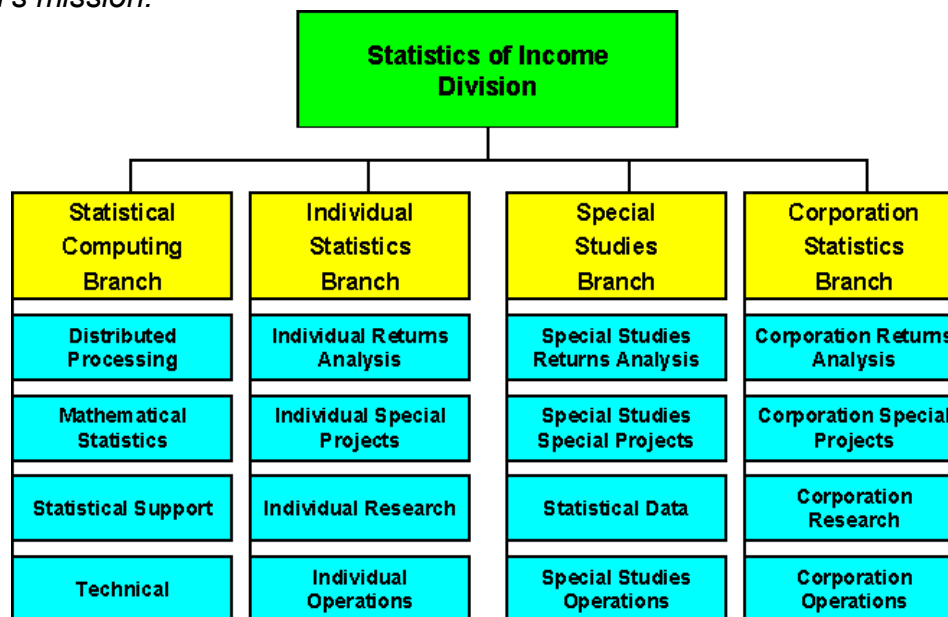
**Submission Processing Accuracy Measures** includes four separate measures (letter accuracy, notice accuracy, deposit accuracy, and refund accuracy) that evaluate the performance of various processing center functions throughout the Submission Processing Service Centers.





# Work Environment

*SOI has four Branches, each is responsible for different aspects of SOI's mission.*



## Four Branches

Three Branches are responsible for specific project areas – Individuals, Corporations, and Special Studies. The Statistical Computing Branch supports the other three Branches with statistical expertise and computer know-how.

## Four Sections per Branch

Each of the three subject-matter Branches has four Sections: Two staffed with economists, one staffed with IT specialists, and one responsible for research or for publications and information dissemination. The Statistical Computing Branch also has four Sections: two for computer support and two for statistical support.

### Employee placement

Employee placement is a top priority at SOI. During the interview process, applicants interview with four to six managers within SOI, including the Director, in an effort to match individual skills and interests with organizational needs and goals.

### Entry-level personnel

All new employees attend orientation conducted by the IRS Personnel Office and SOI. Personnel will discuss administrative and personnel issues, rules and regulations, privacy issues, etc. At the orientation conducted by SOI, employees receive information regarding the different SOI studies, tax laws, computer systems, security and personnel issues.

### Typical work day

A typical work day for SOI employees includes performing project functions independently or with their section members. They may also be required to attend job related training, travel to an IRS submission processing center, participate in meetings with SOI customers or make presentation at quarterly project review meetings..

### Professional growth

SOI provides numerous opportunities for professional growth. Employees can develop and/or enhance their skills in various curricula such as mathematics, economics and computer science. Educational opportunities are also available to enhance employee' personnel development skills, such as technical writing, public speaking and project management. Most courses are available in-house via on-line or formal classroom training. Off-site training courses in these areas may also be provided from local vendors as well as colleges and universities.

### Low turnover rate

SOI has about 190 employees with a wide diversity of backgrounds. A low turnover rate

indicates overall job satisfaction and the care taken by managers to recruit and place new employees in positions that balance individual interests with organizational goals.



# Why I Work . . . . .

R·I·T

*SOI is a great place to work. During my first several months, I received training with SQL, SQL Plus, Word, and Excel. I traveled to Cincinnati, Austin, and Kansas City. I've also been involved in decision-making, unlike most entry-level jobs. At SOI, I find that young economists get the opportunity to be published often and early in their careers, while most economists wait years to get published.*  
**[Economist, West Virginia University, 1 year and 4 months]**

*From the very day I applied, I was impressed with SOI. I was contacted immediately, interviewed at my earliest convenience, and continually updated on the status of my application. How could I turn down an offer with an employer that worked so hard to make a good first impression? SOI's efforts to please continued through new employee orientation sessions and beyond. After only two weeks at SOI, many people knew my name or introduced themselves because they knew I was a new face. With SOI's support, I enrolled in a full-time statistics course at the University of Maryland to enhance my job skills. I feel free to express my opinion and have not experienced any closed doors during my time here at SOI. The environment is very personable and my coworkers appear to like what they're doing and have a desire to be here. I have the chance to travel from time to time, and learning opportunities never cease to exist at SOI. I feel very lucky to have been chosen to join such a well-respected and well-rounded division of the IRS.* **[Mathematical Statistician, Rochester Institute of Technology, 1 year]**



*Moving to Washington, DC to work at SOI from so far away was a bit disorienting, but SOI staff were more helpful than I could have imagined. I've come to love DC and Northern VA. Since being here, I've reviewed data for SOI's Source Book, analyzed sampling programs for the Office of Tax Analysis in Treasury, and co-written an article for SOI's quarterly Bulletin. I like the casual and friendly environment, the flexible schedules, and the training and computer support. We have better Information Technology than any other Federal office I'm familiar with, and in less than six months, I was able to attend classes in Oracle, SAS, Word, and Excel, and two professional development seminars.*

**[Economist, Southern Illinois University, 1 year and 2 months]**

# ..... at SOI

*SOI has been an excellent way to begin my career. The people I work with are friendly and professional, which makes for an outstanding work environment. My primary responsibilities here involve issuing data from the Individual Master File system (IMF) and helping prepare the Individual Complete Report File (CRF). Among my duties are issuing monthly and quarterly data extracts from the IMF. Most of the data that I release are in Excel, which has allowed me to hone my computer skills and become fluent in the Microsoft Office package. Since this division is largely a data collection unit, I have not had the opportunity to analyze data as much as I had hoped. However, the opportunities such as writing articles for the SOI Bulletin, are there. This summer, I have been given the opportunity to co-author an article, which will be my first publication, and stands as one of the highlights of my time at SOI. [Economist, James Madison University, 1 year and 2 months]*

JAMES  
MADISON  
UNIVERSITY™

*My short tenure with SOI has been filled with excitement. I work in the Corporations Returns Analysis Section on one of the largest programs in SOI. I get to work on different aspects of the program while I develop expertise in specific areas. I have an opportunity to meet many people and develop close working relationships. I find my coworkers pleasant and genuinely concerned for my development. [Economist, University of Maryland, 1 year and 2 months]*



*One of the particularly nice things about working here is that you have an opportunity to work both on teams and individually, and each is equally rewarding. I've also been impressed with the quality and availability of training courses, both technical and subject-matter-related. SOI gives employees a real opportunity to be creative and self-motivated. The work is challenging, without being overly high-pressured. Employees can make the most of their strongest skills – whether they be in writing, statistics, or computers – and develop new skills at the same time.*

**[Economist, St. Mary's College, 1 year and 2 months]**



*Work at SOI has been an opportunity to learn from others while pursuing my own interests. You get to decide which projects you would like to take on and which ones you'd like to know more about. SOI has allowed me to pursue writing, computer applications, and data analysis. Using the many research tools provided here has helped my transition. Taking advantage of what SOI has to offer will allow you to be more effective and productive in your job. [Economist, University of New Mexico, 10 months]*

# Qualifications

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*SOI hires economists, IT specialists, and mathematical statisticians at various General Schedule (GS) levels.*

Recent graduates, students who will graduate from a college or university in the near future, and those who will meet SOI's educational requirements within 9 months of applying for a position, may qualify for the GS-7 level. Positions above the GS-7 level require advanced degrees and/or related professional experience. The Office of Personnel Management issues complete qualification requirements, as well as specific job announcements [17].

## **Economist, IT Specialist, and Mathematical Statistician Requirements:**

- United States citizenship
- Full 4-year Bachelor's degree from an accredited college or university
- GPA of 3.0 or higher on all undergraduate course work or for all courses taken during the last 2 years of the curriculum or
- Standing in the upper third of the graduating class of the college or university or
- Membership in a recognized national scholastic honor society.

## **Specific Course Requirements:**

- Economists need 21 semester hours in economics, plus 3 semester hours in accounting, statistics, or calculus.
- IT Specialists must have majored in computer science, information science, information systems management, mathematics, statistics, operations research, or engineering, or had course work that required the development or adaptation of computer programs and systems and provided knowledge equivalent to a computer major.
- Mathematical Statisticians need 24 semester hours in mathematics and statistics, of which at least 12 hours must be in mathematics and 6 hours in statistics.

# Compensation and Advancement

*SOI professional entry-level positions begin at the GS-07 level. New hires to the federal government are placed under the Federal Employees Retirement System (FERS) and are required to serve under a career conditional appointment until completion of three years of service in which they will be converted to a career appointment.*

The General Schedule pay scale (see below) incorporates the basic and locality pay for the Washington, DC metropolitan area. There are annual cost-of-living “comparability” salary increases authorized by Congress and the President.

**Pay Schedule: Washington, DC; January 2003:**

| Progression  | Grade | Salaries  |                           |                     |
|--|-------|-----------|---------------------------|---------------------|
|  |       | Economist | Mathematical Statistician | Computer Specialist |
| Entry level (Bachelor's Degree)                          | 7     | \$32,736  | \$37,749                  | \$39,200            |
| Promotion after 1 year * (Entry level - Master's Degree) | 9     | \$40,044  | \$46,175                  | \$46,175            |
| Promotion after 1 additional year *                      | 11    | \$48,451  | \$54,440                  | \$51,571            |
| Promotion after 1 additional year *                      | 12    | \$58,070  | \$60,093                  | \$59,234            |
| Competitive promotion after 1 additional year            | 13    | \$69,054  | \$69,054                  | \$69,054            |
| Competitive promotion after 1 additional year **         | 14    | \$81,602  | \$81,602                  | \$81,602            |

\* Based on a satisfactory performance appraisal.

\*\* First-line Manager or Senior Technician.



### Recruitment Bonuses (Up to 25% of Base Pay)

- Economists
- Mathematical Statisticians

(NOTE: Bonuses are authorized for new federal government appointees only. New hires must sign a one-year service agreement.)

### Retention Allowances (10% of Base Pay)

- Economists
- Mathematical Statisticians

(NOTE: Must have completed 12 months continuous service with the IRS and must not be serving under an opportunity letter issued in accordance with Article 40 of the NORD Agreement.)

### Compensation

- SOI entry-level professionals are placed in a career ladder program up to the GS-12 level. Employees who are performing at a satisfactory level will be non-competitively promoted to the next higher grade after the completion of one year. Beginning at GS-7, successful employees can expect to reach GS-9 at the end of the first year, GS-11 at the end of the second year, and GS-12 at the end of the third year.
- Opportunities for promotion to the GS-13 (and to the GS-14, limited availability) senior technical level also exist. These positions require experience, expertise, leadership, and outstanding decision-making ability. After obtaining the full career-ladder GS-12 level for 1 year, employees will be eligible to compete for promotions to the GS-13 senior technical level. Management opportunities within SOI generally begin at the GS-14 level.
- Employees are entitled to within grade increases by performing satisfactory for a specific period of time on their job. The waiting periods between within grades are generally as follows:
  - Step 2; 3; 4: 52 calendar weeks
  - Step 5; 6; 7: 104 weeks
  - Step 8; 9; 10: 156 weeks. The pay chart shows these periodic salary increases for steps 1 through 10.

# Training

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*SOI encourages training to increase job effectiveness and personal progress toward career goals.*

**Orientation**

New employees receive extensive on-the-job training and work closely with one or more senior analysts. New employees receive 4 days of orientation training. Topics include employee benefits, employee responsibilities regarding taxpayer privacy rights, SOI program overviews, and presentations from OTA and JCT on how they use SOI data.

**Computer courses**

Computer courses are also available, last 3 to 5 days, and take place during normal business hours.

**Conferences**

SOI analysts have the opportunity to write papers and make presentations at professional conferences, especially at the annual meetings of the American Statistical Association.

**Tax law**

The IRS also offers tax law training in many specialized areas, including individuals, estates, exempt organizations, international, and excise taxes. These classes last 2 to 3 weeks and take place during normal business hours. In addition, outside vendors offer many specialized training classes for which SOI covers the cost.

**Local universities**

SOI staff members may also take job-related classes in economics, statistics, accounting, Federal tax law, mathematics, computer science, decision science, and management information systems at local universities. Subject to budgetary constraints, SOI generally pays for one class per semester.

# Alternative Work Schedules and Locations

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*SOI has flexible work arrangements that include alternative work schedules. Full-time employees work 80 hours every 2 weeks (per pay period), and may select one of the following types of schedule:*

- Five 8-hour days between Monday and Friday
- Eight 9-hour days and one 8-hour day every two weeks, earning a day off per pay period
- Four 10-hour days between Monday and Friday, earning a day off each week.

## **Credit and compensatory time**

Credit hours and compensatory time may be available for work performed above an employee's schedule. SOI also has flexible starting and ending times under all three types of schedule.

## **Locations**

The SOI Division is located at 500 North Capitol Street, NW, Washington, DC. This location is about two blocks from the U.S. Capitol and one block from Union Station (which includes a subway station). Under the flexible workplace program, employees may perform their job duties in an approved alternative remote location (such as a satellite building or personal residence) for an agreed-upon portion of the work week.

# Benefits

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## Public Transportation Subsidy Program

Under the Public Transportation Subsidy Program, employees may receive up to **\$100 per month** for commuting expenses in using Metro, buses, or commuter trains.

## Annual and Sick Leave

Full-time employees earn annual leave based on their years of service, ranging from **13 days per year** (for the first 3 years of service); 20 days (for more than 3 and less than 15 years of service and 26 days per year (after 15 years of service). Annual leave accumulates, with up to 240 hours carried over from one leave year to the next. In addition, full-time employees earn sick leave of 13 days per year, which accumulates without limitation.

## Holidays

Federal employees receive **10 paid Federal holidays** each year.

## Retirement and Thrift Savings

The Federal Employees Retirement System (FERS) is a three-tier retirement benefit package consisting of:

- basic annuity
- Social Security coverage
- a tax-deferred retirement savings and investment plan, called the Thrift Savings Plan.

The FERS retirement system is “portable” and offers the same type of benefits that many private corporations offer under so-called “401(k)” plans. Under FERS, employees receive an automatic 1-percent (of their salaries) Government contribution to a Thrift Savings Plan account, and can contribute up to 13 percent. Matching contributions apply to the first 5 percent of pay they contribute each pay period. The contributions are matched dollar-for-dollar on the first 3 percent of pay they contribute each pay period and 50 cents on the dollar for the next 2 percent of pay.

### Health Insurance

Federal employees enjoy a wide selection of health plans from many companies. They can choose the kind and amount of protection best suited to their personal needs and finances: managed fee-for-service plans or prepaid plans, single or family coverage. Open Season offers an annual opportunity to change to another plan or option. The program provides guaranteed coverage without medical examination or restrictions because of age, current health, or pre-existing medical conditions. The Federal Government shares the cost of premiums, paying up to 75 percent.

### Life Insurance

The Federal Government offers employees an opportunity to participate in the Federal Employees' Group Life Insurance Program. This program offers basic insurance plus three types of optional coverage (including family coverage). It bases coverage amounts on an employee's annual salary. The Federal Government shares insurance costs with the employee.

### Other Benefits

SOI employees may also take advantage of the following:

- a no-charge, on-site fitness center
- child development centers at the main IRS and New Carrollton Federal Buildings
- a near by health unit
- leave programs, including family friendly leave, military and, and leave banks
- an employee assistance program
- a career development center
- a Federal credit union
- the National Treasury Employees Union.

For additional employment information, please contact:

**Denise Herbert**  
**Statistics of Income Division (RAS:S)**  
**Internal Revenue Service**  
**P.O. Box 2608**  
**Washington, DC 20013-2608**  
**Voice: 202-874-0467**  
**Fax: 202-874-0983**  
**E-mail: Denise.R.Herbert@IRS.GOV**

## FOOTNOTES

- [1] SOI augments its budget with monies from outside sources (mainly other Federal statistical agencies) for special statistical programs or services.
- [2] See, for example, *Statistics of Income Bulletin*, Publication 1136, Internal Revenue Service.
- [3] See, for example, *Statistics of Income –Individual Income Tax Returns*, Publication 1304, Internal Revenue Service.
- [4] See, for example, *Statistics of Income –Corporation Income Tax Returns*, Publication 16, Internal Revenue Service.
- [5] See, for example, *Source Book of Statistics of Income –Corporation Income Tax Returns*, Publication 1053, Internal Revenue Service.
- [6] See, for example, *Statistics of Income – Compendium of Studies of Tax-Exempt Organizations, 1989-1998*, Publication 1416, Internal Revenue Service.
- [7] See, for example, *Statistics of Income – Compendium of Federal Estate Tax and Personal Wealth Studies*, Publication 1773, Internal Revenue Service.
- [8] See, for example, *Statistics of Income – Compendium of Studies of International Income and Taxes, 1984-1988*, Publication 1267, Internal Revenue Service.
- [9] See, for example, *Statistics of Income: Special Studies in Federal Tax Statistics*, Publication 1299, Internal Revenue Service.
- [10] To access *Tax\_Stats*, go to: <http://www.irs.gov/taxstats/index.html>.
- [11] See, for example, *Internal Revenue Service Data Book, 2002*, Publication 55B, Internal Revenue Service.
- [12] See, for example, IRS Compliance Research Documents 6149 (*Calendar Year Return Projections by State and Selected Locations*), 6186 (*Calendar Year Return Projections for the United States and IRS Centers*), 6187 (*Calendar Year Projections of Individual Returns by Major Processing Categories*), 6292 (*Fiscal Year Return Projections for the United States*), and 6961 (*Calendar Year Projections of Information and Withholding Documents for the United States and IRS Centers*).
- [13] The Statistical Information Services (SIS) office can be reached by writing to the Director, Statistics of Income Division (RAS:S), Internal Revenue Service, P.O. Box 2608, Washington, DC 20013-2608. SIS can also be contacted by calling (202) 874-0410, by faxing (202) 874-0964, or by e-mailing [sis@irs.gov](mailto:sis@irs.gov).
- [14] The North American Industry Classification System (NAICS) replaced the Standard Industrial Classification System for corporations, partnerships, sole proprietorships, and exempt organizations in all Federal agencies, as well as in Canada and Mexico, beginning with Tax Year 1998.
- [15] See “Statistics of Income Studies of International Income and Taxes,” *Statistics of Income Bulletin*, Winter 1998-1999, Publication 1136, Internal Revenue Service.
- [16] In addition to the personnel located in Washington, DC, SOI accounts for about 250-300 staff positions located in IRS field offices. Most of the field positions are tax examiners.
- [17] See <http://www.usajobs.opm.gov>.







# STATISTICS OF INCOME

INTERNAL REVENUE SERVICE DEPARTMENT OF THE TREASURY

Statistical Information  
from Tax Return  
Samples

Employment  
Opportunities  
Available for:

- Economists
- Statisticians
- Mathematical Statisticians
- Computer Programmers and Systems Analysts

SOI Data Are Used by:

- Treasury Department's Office of Tax Analysis
- Congressional Joint Committee on Taxation
- Commerce Department's Bureau of Economic Analysis
- IRS
- Other Government Agencies
- Academic and Private Researchers

SOI Data Are Required  
by Law to Evaluate:

- Effectiveness of Current Tax Law
- New Tax Law Proposals

SOI Data Are Also Used for:

- Revenue Collections
- Estimating Gross Domestic Product
- Other Economic Research